SECTION J, ATTACHMENT 1
INFORMATION REQUEST

The information requested below is required to evaluate prospective investment managers/custodians to manage a daily-valued, commingled S&P 500 index fund for the TSP. Provide specific and detailed responses to each item in the same order as requested. Provide responses, as applicable, pertaining to the primary contractor and any subcontractor. <u>If information is not provided for an item, it will not receive points in the relevant category.</u>

I. <u>Experience/Organization</u>

A. Name and location.

B. Type of organization–provide evidence that the firm is a "qualified professional asset manager" as defined in 5 U.S.C. 8438(a)(8) (see Attachment 2 of Section J).

C. 1. Provide the number of years managing equity index funds.

2. Provide the number of years performing custodian services.

3. Provide the number of years managing S&P 500 index funds.

D. 1. List any person or organization with greater than a two percent share of ownership in your firm.

2. List all firms or organizations affiliated with your firm.

3. If any of the entities listed in I.D.2 are engaged in investment banking, securities broker-dealer operations, or custodian services, describe the relationship with your firm. Describe controls to prevent conflicts of interest from influencing trading, securities valuation, proxy voting, and other functions.

E. For the following categories of assets under management, provide the size (in dollars) and number of accounts for each year from 1990-1999 (as of December 31), and as of April 30, 2000:

1. Proposed commingled daily-valued S&P 500 index fund. (For purposes of sections I and II of this information request, if you plan to provide a "modular" or "tiered" structure (where the TSP owns shares of a commingled fund that owns shares of other commingled fund(s)), the "proposed fund" may be defined to include not only the actual fund in which the TSP owns shares, but also the level of fund(s) at which the TSP cash flows may be accommodated by cost-free exchange of shares with clients whose cash is flowing in the opposite direction, without the need for exemptive relief from the Department of Labor (whether individual or pursuant to the Proposed Class Exemption for Cross-trades of Securities by Index and Model-Driven Funds, published in the Federal Register on December 15, 1999, assuming its finalization in substantially the same form as the proposal). In any event, the "proposed fund", its structure, and its relationship to any component fund(s) or to the actual fund in which the TSP will own shares, must be fully described in your response. Please also include in your response the size of any component funds of the "proposed fund," as well as the size of the actual fund in which the C Fund will own shares, if different from the "proposed fund".

2. Total other commingled S&P 500 index funds (excluding the proposed fund), that are eligible to cross-trade with the proposed fund under an individual exemption granted by DOL, or that would be so eligible pursuant to the Proposed Class Exemption for Cross-trades of Securities by Index and Model Driven Funds, published in the Federal Register on December 15, 1999.

3. Total separate S&P 500 index funds/accounts, that are eligible to cross-trade with the proposed fund under an individual exemption granted by DOL, or that would be so eligible pursuant to the Proposed Class Exemption for Cross-trading of Securities by

Index and Model Driven Funds, published in the Federal Register on December 15, 1999.

4. Total other equity funds/accounts that are eligible to cross-trade with the proposed fund under an individual exemption granted by DOL, or that would be so eligible pursuant to the Proposed Class Exemption for Cross-trades of Securities by Index and Model Driven Funds, published in the Federal Register on December 15, 1999.

F. 1. Provide the April 30, 2000, balances of the 10 largest accounts in the proposed commingled S&P 500 index fund (names of clients are not needed). List all balances if you have fewer than 10 accounts.

2. As potential references, provide the names of five defined contribution plan clients (contacts and telephone numbers) in the proposed commingled S&P 500 index fund. List all clients if you have fewer than five defined contribution plans in the proposed fund.

3. Identify all accounts, with dollar amounts, in the proposed S&P 500 index fund lost in each year, 1995-1999, and through April 30, 2000. Provide the reason(s) for termination.

G. Do you have a formal research and development process? If so, describe it.

H. Provide the 1997, 1998, and 1999 annual reports for the proposed commingled S&P 500 index fund, and/or the actual fund in which the TSP would own shares.

II. <u>Trading</u>

A. 1. Describe how trading cost are minimized. How do you measure market impact? When are stock trades executed (e.g., always close of business on trade date; between noon and 4 p.m. on trade date)?

2. Are there uniform trading rules for all clients in each daily-valued, commingled S&P 500 fund (i.e.,

must all clients in a fund use pre-notification or post-notification trading)?

3. Are all daily purchases and sales in the proposed fund netted together and then are all other internal pre-notification crossing opportunities netted together before external trading occurs? Will the C Fund cash flow be included in the daily netting of purchases and sales given the C Fund 2:00 p.m. eastern time notification deadline?

B. Describe the use, if any, of stock index futures in the proposed fund (and/or the actual fund in which the TSP will own shares, if different). Which futures contracts are used? Does the fund maintain a limit on futures? What were the high and low percentages held in futures during the one-year period ending April 30, 2000? Has the proposed fund ever been short futures? If so, explain. Explain any differences in the use of futures at different levels or modules of the proposed fund, if any.

C. 1. Describe all trading methods used and list brokerage firms with whom ten percent or more of the external equity trades are made. If preference is given to any firm(s), state the reasons.

2. Describe procedures for allocating trading costs among accounts.

3. Based on the proposed fund's actual trading experience from January 1, 1999, through April 30, 2000 (include only client cash flows into and from the proposed fund, excluding in-kind and fund rebalancing transactions), provide the dollar amount of a daily $100 million C Fund purchase that, on average, on a pre-notification trade basis (i.e., activity priced at closing stock prices on the trade date) would have been:

a. Crossed within the proposed fund (as defined pursuant to section I.E.1 of this information request) in which the TSP would participate, totally cost free.

b. Crossed with other funds managed by your firm.

c. Crossed with other funds managed by other firms.

d. Placed in futures.

e. Program or portfolio traded through brokers.

f. Traded through any other method. Provide the dollar amount that would have been traded using each method.

D. For each execution method in paragraphs C.3.a to C.3.f, provide the total trading costs (in basis points) that would have been charged to the C Fund under the circumstances described in paragraph C.3.

E. Based on the proposed fund's actual trading experience from January 1, 1999 through April 30, 2000 (include only client cash flows into and from the proposed fund, excluding in-kind and fund rebalancing transactions), provide the dollar amount of a daily $35 million C Fund purchase that, on average, on a pre-notification trade basis (i.e., activity priced at closing stock prices on the trade date) would have been:

1. Crossed within the proposed fund (as defined pursuant to section I.E.1 of this information request) in which the TSP would participate, totally cost free.

2. Crossed with other funds managed by your firm.

3. Crossed with other funds managed by other firms.

4. Placed in futures.

5. Program or portfolio traded through brokers.

6. Traded through any other method. Provide the dollar amount that would have been traded using each method.

F. For each execution method in paragraphs E.1 to E.6, provide the total trading costs (in basis points) that would have been charged to the C Fund under the circumstances described in paragraph E.

G. Based on the proposed fund's actual trading experience from January 1, 1999 through April 30, 2000 (include only client cash flows into and from the proposed fund, excluding in-kind and fund rebalancing transactions), provide the dollar amount of a daily $35 million C Fund sale that, on average, on a pre-notification trade basis (i.e., activity priced at closing stock prices on the trade date) would have been:

1. Crossed within the proposed fund (as defined pursuant to section I.E.1 of this information request) in which the TSP would participate, totally cost free.

2. Crossed with other funds managed by your firm.

3. Crossed with other funds managed by other firms.

4. Placed in futures.

5. Program or portfolio traded through brokers.

6. Traded through any other method. Provide the dollar amount that would have been traded using each method.

H. For each execution method in paragraph G.1 to G.6, provide the total trading costs (in basis points) that would have been charged to the C Fund under the circumstances described in paragraph G.

I. Based on the proposed fund's actual trading experience from January 1, 1999 through April 30, 2000 (include only client cash flows into and from the proposed fund, excluding in-kind and fund balancing transactions), provide the dollar amount of a daily $15 million C Fund sale that, on average, on a pre-notification trade basis (i.e., activity priced at closing stock prices on the trade date) would have been:

1. Crossed within the proposed fund (as defined in section I.E.1 of this information request) in which the TSP would participate, totally cost free.

2. Crossed with other funds managed by your firm.

3. Crossed with other funds managed by other firms.

4. Placed in futures.

5. Program or portfolio traded through brokers.

6. Traded through any other method. Provide the dollar amount that would have been traded using each method.

J. For each execution method in paragraph I.1 to I.6, provide the total trading costs (in basis points) that would have been charged to the C Fund under the circumstances described in paragraph I.

K. Based on actual trading results in the proposed fund, on a pre-notification trade basis, provide, for each trade date (i.e., each business day) in the proposed fund, from January 1, 1999 through April 30, 2000, the dollar volume bought and sold (cash only, exclude in-kind and fund rebalancing transactions), the number of clients purchasing shares, and the number of clients selling shares, using each execution method listed in paragraphs C.3.a to C.3.f, and in total. Also provide the dollar amount for each execution method as a percentage of total trade date transactions. Provide the total trading costs, in basis points, charged on each trade date to a purchasing client and a client selling shares.

L. Provide monthly cash flows and trading costs in basis points of the most active account (in terms of cash flow relative to account size and frequency of trading), on a pre-notification of trades basis) from January 1, 1999, through April 30, 2000. Provide daily cash flows and trading costs for this account from November 1, 1999, through April 30, 2000. Client need not be identified.

M. Provide monthly cash flows and trading costs in basis points of the largest account in the proposed fund (as of April 30, 2000), on a pre-notification trade basis, from January 1, 1999 through April 30, 2000. Provide daily cash flows and trading costs for this account from November 1, 1999, to April 30, 2000. Client need not be identified.

N. Provide monthly cash flows and trading costs in basis points of the largest defined contribution plan in the proposed fund (as of April 30, 2000), on a pre-notification trade basis, from January 1, 1999, through April 30, 2000. Provide daily cash flows and trading costs for this account from November 1, 1999, to April 30, 2000. Client need not be identified.

O. Are your cross-trading rates for the proposed fund audited? If so, provide the audit report for the 1998 and 1999 cross-trading rates, if available.

III. <u>Performance</u>

A. State whether the proposed fund uses the S&P 500 index returns as its benchmark. (No other benchmark is permissible.)

B. Provide time-weighted returns for the proposed S&P 500 index fund, net of all expenses allocated to all fund participants, for the following periods:

1. Monthly returns from January 1999 through April 2000.

2. Annual returns since the inception of the proposed fund.

C. Are your returns audited by an outside firm? If so, identify the firm and specify the frequency of the audits. Provide a copy of the most recent audit report.

D. Indicate the forecasted tracking error for the proposed fund from the S&P 500 index returns. For each year (or portion thereof) since the inception of the proposed fund, explain why the tracking error deviated from the forecasted tracking error. Include all factors causing tracking error, even those that reduced net tracking error for the period.

E. List any S&P 500 index stocks that are excluded from the proposed fund and explain the reason for each exclusion. How have the exclusions affected the tracking error (express in basis points) in the proposed fund?

F. Describe how the proposed fund is adjusted when stocks are added/deleted from the S&P 500 index, including the usual time span of trading to achieve proper weighting.

IV. Fiduciary/Custodian/Administration

A. Fiduciary

1. Provide a copy of policies/guidelines on proxy voting applicable to the proposed fund.

2. Describe your internal risk management policies that govern the investment and custody of assets, including in-house and external audit and control procedures. Provide a copy of applicable risk management policies and guidelines.

3. Describe any other policies or practices applicable to the proposed fund for ensuring that other fiduciary responsibilities are carried out.

4. Are the firm and/or key personnel of the firm covered by insurance policies against liability for violations of fiduciary duty or errors and omissions? If so, provide the name of the insurance company or companies and the type and amount of coverage afforded by each policy. If not, how would the TSP be protected against such occurrences?

5. Are the firm and/or key personnel of the firm bonded in accordance with the requirements of 5 U.S.C. 8478? If so, provide the name of each bonding company and the type and amount of the bond.

6. Has the Contractor, or any of the individuals listed in response to item IV.C.2, been party to any proceeding brought by the Securities and Exchange Commission within the past 5 years alleging violation of any law or regulation? If yes, provide details, including status or outcome of proceeding(s).

7. Has the Contractor, or any of the individuals listed in response to item IV.C.2, been sued by any client, ex-client, fiduciary of or participant in a plan which is a client or ex-client, or by the U.S. Department of Labor, within the past 5 years in an action alleging violation of securities laws or fiduciary duty? If yes, provide details, including the status or outcome of the suit(s).

B. Custodian

1. Identify the custodian, its affiliation with your firm, and the number of years it has been in business. Provide total assets and total equity assets in custody, for each year from 1995-1999 (as of December 31), and as of April 30, 2000.

2. Are all custodian fees charged to the proposed fund?

3. Describe pricing of individual securities for fund valuation, including source of price information. If a discrepancy exists between your pricing and the custodian pricing, how is the discrepancy reconciled?

4. Describe controls over the trade settlement process and income collection/reinvestment process.

5. Describe dividend crediting practices. Are all dividends credited on ex-dividend date?

6. Describe the securities lending program in the proposed fund, including a detailed description of controls and a list of firms to which the proposed

fund currently lends. Is risk management integrated across the various components of the securities lending program, i.e., the lending desk, operations and cash management? Is there a separation of duties and independent oversight of the lending program? Provide a copy of all policies or guidelines governing the securities lending program in the proposed fund.

7. How are the borrowers selected? What are the collateral requirements? What is the frequency of mark-to-market? What are the procedures in the event of borrower default? Do you conduct regular simulations of borrower defaults? If so, describe the simulation process. If not, why not?

8. Do you guarantee participants against loss?

9. How is the collateral invested? Provide a copy of all policies or guidelines governing the investment of securities lending collateral.

10. What controls are in place to ensure that the collateral is invested appropriately?

11. What are the guidelines for credit quality requirements for derivative counterparties, interest rate exposure, diversification, liquidity, and determination of suitable investments? How are counterparty exposure limits established? Is compliance with limits and guidelines checked prior to executing a trade or after the fact? Is the lending system integrated globally? Do the different offices use one lending system? Are the limits adjusted on a real-time basis after a loan is made?

12. What types of derivatives are used? How are the transactions structured? What are the procedures for marking to market? How frequently are the derivatives marked to market?

13. How are the derivatives valued? Is the potential exposure to the value of the derivatives from movements in the underlying markets monitored?

How many days would it take to liquidate the derivatives?

14. How frequently is securities lending income posted to client accounts in the proposed fund?

15. Are your securities lending income figures audited? If so, how frequently? Enclose the securities lending income audit reports for the proposed fund for 1995-1999, if available.

16. Since inception of the securities lending program:

    a. Has the proposed fund experienced any losses in principal amount of collateral investments? If so, describe each loss, including dollar amount of investment and loss and reason for the loss. After each loss, what policy changes were made to avoid a similar loss in the future?

    b. Have lending clients in the proposed fund ever been reimbursed to prevent the realization of a securities lending loss? If so, describe the events resulting in the reimbursement.

    c. Has the cash collateral fund ever broken the $1.00 unit value? If so, describe the circumstances.

17. Describe the timing and procedures involved in accommodating client cash flows, including:

    a. Charges, if any;

    b. Daily notice requirements, including deadline for trade amount notification;

    c. Date and time funds are due for purchases and wired for sales of units of the proposed fund;

    d. Accepting client cash flows from two sources, the client and the client's asset manager.

18. At what time is the daily unit value available for the proposed fund? What are your procedures, including client notification, if the unit value is not available by that time? In 1998, 1999, and in 2000 (through April 30), on how many days was the daily unit value for the proposed fund unavailable by that time? Explain the reason for each occurrence and how and when the situation was resolved. Will you be able to meet the TSP's 6:00 p.m. eastern time deadline for transmission of daily earnings?

19. How many days after trade date/month end can the Board expect to receive: (1) transaction summary reports detailing each trade, (2) monthly asset valuation reports, (3) monthly transaction reports, and (4) monthly performance reports (e.g., tracking error and performance measurement reports)? Are you willing to commit to the delivery of the first item on the business day after the trade?

20. Provide sample reports, including samples of standard valuation, transaction, and performance reports. Describe flexibility to provide customized reports. Can all reports be provided electronically (by Internet)?

21. Describe procedures to transfer the C Fund assets to another custodian and manager. To what extent would the transfer be accomplished in-kind? How would you determine the assets to be transferred and the amount of each asset? Include all fees and other charges. Do you accept in-kind transfers into the proposed fund? What are the procedures/requirements?

22. Describe the procedures for ensuring the security of your automated systems.

C. Administration

1. How do you service an account? Provide the names and titles of proposed account representative(s).

2. Provide biographies of executive, investment management, and administrative employees with direct responsibilities for the proposed fund and for the TSP account, including individuals responsible for portfolio management, performance measurement, trading, research, client service, and account administration. For each individual, include education, employment background, number of years with the firm, current responsibilities, professional designations and affiliations. Indicate which of these individuals are designated as “key personnel” under section H.3 of this Request for Proposals.

3. Submit a proposed investment management and custodian agreement. Indicate which, if any, clauses are non-negotiable. Unwillingness to compromise on any clauses unacceptable to the Board could cause an offer to be rejected for final award.

[END OF ATTACHMENT 1]